company to be disinvested, the nature of the transaction and the need for Government to retain a residual share. Valuation is done primarily for the purposes of setting the reserve price. The price at which the company is actually sold, is established through a transparent and competitive bidding process in which pre-qualified parties participate. In the past, the sale price has generally exceeded the reserve price. In view of this, as an abundant caution and as per approved procedure, the valuation exercise is always completed after the price bids are received. This ensures that the reserve price is not known to anyone at the time financial bids are called and there can be no collusion with the bidders. Recasting the existing disinvestment process is, therefore, not necessary.

Disinvestment of BPCL and HPCL

1230. SHRI RAJKUMAR DHOOT: Will the Minister of DISINVESTMENT be pleased to state:

(a) the reasons and circumstances under which the private oil companies like Burmah Shell, Caltex and Esso were nationalized to form public sector oil marketing undertakings BPCL and HPCL;

(b) whether these companies have not achieved the purpose and objectives for which they were formed;

(c) the reasons and purposes for allowing disinvestment in BPCL and HPCL; and

(d) the points of difference of opinion on the quantum and time frame of disinvestment in these undertakings?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) Nationalization of Private Oil Companies like Burmah Shell, Caltex and Esso was done at a point of time at which it was felt that the national exigencies required their nationalisation to ensure that the petroleum products distributed and marketed in India by those companies were distributed to subserve the common good.

(b) Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL) have so far performed well in terms of physical and financial parameters.

(c) and (d) In the changing global economic scenario and the need for greater public-private participation and private financing initiative, disinvestment by Government of its shareholding in State owened enterprises, is now an instrument of economic policy accepted globally. India has also been pursuing disinvestment as a part of its economic reforms strategy for

over a decade now. Disinvestment of Public Sector Undertakings (PSUs) is, however, a continuous process. Government keeps considering proposals for disinvestment in various PSUs from time to time through inter-Ministerial consultations. After considering all relevant viewpoints, Government takes a final decision about disinvestment of a PSU in line with the approved policy. The policy of the Government is to bring down the equity in non-strategic PSUs to 26% or lower in the generality of cases. The non-strategic PSUs are those, which are not in the areas of arms and ammunitions and the allied items of defence equipment etc., atomic energy (except in the areas relating to generation of nucler power and applications of radiations and radio isotopes to agriculture, medicine and non-strategic industries) and railway transport. In February 2002, Government had decided 'in principle' to disinvest in BPCL/ HPCL, which PSUs are not in the strategic sector, through strategic sale with the modalities to be worked out through consultations between the different Ministries concerned on which several options are available. Final decision has not been taken so far.

Rehabilitation of sick Public Sector Units

†1231. DR. PRABHA THAKUR : Will the Minister of DISINVESTMENT be pleased to state :

(a) whether it is a fact that despite an expenditure of Rs. 34000 crore on the rehabilitation, 23 sick companies of the public sector are still sick;

(b) if so, the names of these companies;

(c) whether it is also a fact that even after spending so much amount the possibility of their restructuring is very dim; and

(d) if so, the steps taken by Government in this regard?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) to (d) The information is being collected and will be laid on the Table of the House.

Disinvestment of NTC

1232. SHRI SANTOSH BAGRODIA : Will the Minister of DISINVESTMENT be pleased to state :

(a) whether Government have any proposal to disinvest the National Textile Corporation which is incurring losses every year;

(b) if so, the details thereof; and

†Original notice of the question was received in Hindi.